

## **DELAWARE HEALTH FACILITIES AUTHORITY**

### **MINUTES OF SPECIAL MEETING**

**of**

**October 21, 2008**

A special meeting of the Delaware Health Facilities Authority (the "Authority"), was held on October 21, 2008, commencing at 12:00 p.m., at the offices of Potter Anderson & Corroon LLP at 1313 N. Market Street, Wilmington, Delaware 19801. The meeting and the public hearings to be conducted at the meeting were duly noticed and advertised in The News Journal on October 6, 2008, and the hearings are open to the public for comment. The following Authority Members attended: Rolf F. Eriksen, Chair, Desmond A. Baker, Richard H. Derrickson, George W. Forbes, III, William G. Neaton, and William J. Riddle. Also participating in the meeting from Potter Anderson & Corroon LLP were John J. Quinn, III, Esq., the Authority's Counsel, and Margaret M. Grillet. In attendance in connection with the Christiana Care Health Services, Inc. ("CCHS" or the "Hospital") Application for Revenue Bond Financing ("Application") were Emilie R. Ninan, Esq., Ballard Spahr Andrews & Ingersoll LLP, Bond Counsel; Thomas L. Corrigan, CFO, and Kathleen M. Collins, Treasurer, CCHS; Cynthia D. Kaiser, Esq. and Doneene Keemer Damon, Esq., Richards Layton & Finger, Borrower's Counsel; Christopher J. McCann, J.P. Morgan Securities, Inc., Underwriter; and Jeremy Bass, Public Financial Management, Inc. ("PFM"), Financial Advisor to the Authority. Three members from the public were also in attendance.

Mr. Eriksen called the meeting to order at 12:18 p.m. and noted that the meeting is open to the public. Mr. Eriksen greeted the three members of the public who were in attendance. In his opening remarks, Mr. Eriksen noted that the Authority's purpose, among other things, is to serve as a conduit issuer for bonds for the purpose of assisting in the acquisition, construction, financing and refinancing of projects for health care, hospital and other related facilities located in Delaware which provide general medical, surgical and emergency treatment to the public. Mr. Eriksen noted that the Authority has no taxing power and no source of funds other than from the contractual obligations of participating health care facilities.

Mr. Eriksen introduced the Members of the Authority who were present. Ms. Ninan introduced the individuals who were in attendance in connection with CCHS's Application and the financing team.

The public hearing was then opened with respect to the request by CCHS to the Authority to issue revenue bonds in the aggregate principal amount not to exceed \$200,000,000. Mr. Corrigan made a presentation on behalf of CCHS and explained that the proceeds from the sale of the Series 2008 Bonds will be used to finance a portion of the expansion and improvement of The Wilmington Hospital, to refinance the Series 1998 Revenue Bonds, to refinance a certain financial institutional loan, and to purchase land for future expansion in Middletown, Delaware. Mr. Corrigan also discussed the scope of the Hospital's activities and presented an overview of the proposed expansion and improvement of The Wilmington Hospital.

Mr. Corrigan explained that there is a need for expansion since CCHS has maintained a strong market position in Delaware and the surrounding communities. Outpatient visits have increased since 2006 to a three-year high of 479,045 and emergency department visits have increased to 146,736. Mr. Corrigan explained that The Wilmington Hospital project will involve the expansion and reconfiguration of operating rooms and ICUs, the building of the Wilmington Surgicenter, construction of an additional 186 beds, an education and conference center, and the purchase of additional equipment for the Hospital.

Mr. McCann of J.P. Morgan Securities, Inc. briefly discussed the current state of the credit markets. Mr. McCann commented that there has been some recent stabilizing of credit. In response to a question from the Authority, Mr. McCann stated that his expectations were that the bonds contemplated would be mostly at variable rates, which currently run at 1.5 to 1.6% for daily rates and 2.5% for weekly rates.

Mr. Bass, from Public Financial Management, Inc., financial advisor to the Authority, reviewed the financial aspects of the proposed bond financing, including a review of the CCHS Financial Statements as of June 30, 2007, copies of which were distributed at the meeting. Mr. Bass explained that the application of the \$200,000,000 proceeds of the Series 2008 Bonds would include up to \$90,000,000 of new money to finance the Wilmington Hospital project, up to \$95,000,000 to refund existing financing, and up to \$15,000,000 for debt service reserve funds and costs of issuance. Mr. Bass noted that the structure of the bonds is still undetermined, but that one or more series of variable rate and/or fixed rate bonds may be issued and that will be determined based on responses from banks. Mr. Bass added that CCHS is in the process of being rated by Standard & Poor's and Moody's Investors Service and is expecting to be rated AA and Aa, respectively, as a requisite to having the option of utilizing a self liquidity structure. Mr. Bass explained that since CCHS has a dominant market share and strong utilization, strong balance sheet and liquidity, a manageable amount of debt relative to its asset base, a history of a healthy operating performance, and a forecasted excess of revenue over expenses based on very conservative assumptions, the expectations are positive that a self liquidity option could be utilized if it were to be considered advantageous under the current market conditions.

Mr. Quinn, Counsel to the Authority, presented the resolution entitled "A BOND RESOLUTION APPROVING A PLAN OF FINANCING AND THE EXECUTION AND DELIVERY OF CERTAIN AGREEMENTS, APPOINTING A COMMITTEE TO APPROVE THE FINAL TERMS OF ONE OR MORE ISSUES OF BONDS, AND PROVIDING FOR OTHER MATTERS IN CONNECTION THEREWITH", a copy of which is attached hereto. After discussion and questions from the Authority and upon motion made by Mr. Riddle and seconded by Mr. Derrickson, the resolution was unanimously approved by the Authority Members present. There were no comments or questions from the members of the public. [Counsel's post-meeting note: Mr. Eriksen subsequently certified, and Mr. Baker attested, the Authority's passing and adoption of said Resolution on October 21, 2008.]

### **Other New Business**

Mr. Quinn reminded the Members that Governor Minner recently reappointed the following Members of the Authority to terms expiring October 13, 2013: Mr. Baker; Mr. Eriksen; Ms. More; and Mr. Riddle. It was noted that there will be a vacancy as Mr. Derrickson will not continue after his current term expires.

Possible candidates as successor to Mr. Derrickson were discussed, but no action was taken. Mr. Quinn identified by name the individuals being considered.

Because of recent reappointments, the names and terms of the current Members of the Authority were discussed, as follows:

<u>Name</u>	<u>Expiration Date Of Current Term</u>
Rolf F. Eriksen, Chairman	October 13, 2013
William G. Neaton, Vice Chairman	October 26, 2012
Desmond A. Baker, Secretary/Treasurer	October 13, 2013
Richard H. Derrickson	October 7, 2008*
George W. Forbes, III	October 26, 2012
Lisa More	October 13, 2013
William J. Riddle, Ass't Sec'y/Treas.	October 13, 2013

\*Members of the Authority hold office until their successors are duly qualified.

### **Old Business**

Mr. Quinn advised the Members that he has prepared, but not yet sent, a letter to each of the following accounting firms requesting proposals for auditing services:

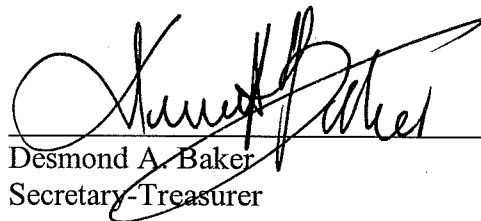
Belfint, Lyons & Shuman  
McBride Shopa  
Master Sidlow  
Cover & Rossiter

The Members approved the list of accounting firms and added Gunnip & Co., and instructed Mr. Quinn to proceed with the letter requests.

There being no further business to come before the meeting, the meeting was duly adjourned at approximately 1:20 p.m.

**CERTIFICATION**

I, Desmond A. Baker, hereby certify that the foregoing is a true and correct copy of the Minutes of Special Meeting of the Delaware Health Facilities Authority held on October 21, 2008.



Desmond A. Baker  
Secretary-Treasurer

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